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RIYADH, PLEASE PASS TO DHARHAN; DEPARTMENT FOR NEA/ARP,
INR/B

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SUBJECT: A BRIEF OVERVIEW OF BUSINESS REGISTRATION IN JEDDAH

Classified By: Consul General Tatiana Gfoeller for reason 1.4 (b) and (d).

¶1. (U) On July 10 Pol/EconOffs and FCSOffs met Mr. Muhammad Atiq Al Harby, Director General of the Ministry of Commerce in Jeddah. During the brief meeting Al Harby gave an outline of the procedures for women to register their businesses in Jeddah. The Ministry's female section is only one year old and has four female employees and a representative from the Jeddah Chamber of Commerce and Industry.

¶2. (C) Al Harby said that the number of women business owners is growing rapidly, with the Ministry receiving 150 to 200 applications a month. Women are freely allowed to register businesses in areas deemed appropriate for women such as beauty salons but if a woman wants to register a business that is outside of these sectors, she needs a male partner. There are also certain sectors such as construction that are off limits for women unless there are 2 or more that are starting the business together. When asked how women will know what sectors are off limits or require partners, Al Harby said they could find this information online. (Note. Pol/EconOffs were not able to find any information online specifically for women. End Note.) In some cases Al Harby said that the registration application has to go to Riyadh for approval when a woman wants to open a business in an area that is restricted but she does not have any partners.

¶3. (U) The Ministry requires registrants to submit only an identity card, proof of access to commercial space, and the Ministry's application form. Registrants are not required to submit financial documentation, a business proposal, or any material from the local legal authorities. The Ministry also registers trademarks with a similar process. Aside from finding the appropriate forms online, no registration is available on the Ministry's website at this time.

¶4. (C) In contrast with Al Harby's portrayal of business registration for women, a Consulate contact, who owns her own public relations firm, told PolOff of her experiences registering her businesses with the Ministry of Commerce. Despite having male partners for all of her businesses, registering with the Ministry has been repeatedly delayed due to the bureaucracy. She says that she is able to register her businesses primarily because of who she knows but there are many women who don't have any connections and are unable to register with the Ministry. While she does not want to have to depend on her connections and male business partners to get a license, neither does she want to bring attention to herself by speaking out and damage her ability to obtain a business license.

¶5. (C) Comment: Al Harby's suggestion that women can participate in all sectors as long as Riyadh agrees is probably an indication that women really are not allowed to open businesses in areas deemed inappropriate for them. Al Harby did mention that sometimes men register businesses for their female relatives but could not estimate how widespread this practice is. The fact that Al Harby's description is not in practice confirms the disconnect between what the government leadership enacts as policy and what is actually practiced in the Kingdom at the working level. Government workers at this level are probably not being held accountable for implementing the new policies, are not trained on how to carry out their new functions, and may hold their own biases that influence their work. While the numerous programs to develop small businesses are positive for economic development, until the working level government officials are on board Saudi Arabia's investment climate may not greatly improve.

Gfoeller